

Consumer Project on Technology
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

March 18, 1996

William Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554


Dear Secretary Caton:

Please accept the following filing for CS Docket No. 95-184, the Notice of Proposed Rulemaking on "Inside Wiring" for cable systems. Attached is an original and four additional copies of our submission have been included for your internal distribution. Thank you for your assistance.

Sincerely,


James Love

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FCC 95-504

In the Matter of)	
Telecommunications Services)	CS Docket No. 95-184
Inside Wiring)	
Customer Premises Equipment)	

INSIDE WIRING

1. Introduction

The Consumer Project on Technology offers comments on the Commission's Notice of Proposed Rulemaking (NPR) on "Inside Wiring" for cable systems. We are particularly interested in the impact of this rulemaking on the future of broadband cable systems, or the new generation of information services delivered over cable modems. We are in agreement with the Media Access Project (MAP) and other petitioners who seek rules that would give consumers the right to obtain customer premises equipment (and software) from third parties, and prevent cable companies from exercising the same type control over interactive services that they have exercised in the past over traditional one-way closed cable systems. It is essential that the Commission begin to address these issues as the industry moves forward on the development of new network designs. It is also true that the Commission's older rules for common carrier video dialtone systems were in need of changes to prevent the firms who own the broadband carriage facilities from exercising undue monopoly power over the provision of information systems to the residential market, harming consumers and unaffiliated information providers.

2. The USWEST TeleChoice Interactive network in Omaha Nebraska

The recent experience with the US West TeleChoice network in Omaha Nebraska is instructive. USW sought to develop a broadband fully interactive network that would permit video on demand and many new digital information services. USW built this project around a proprietary "set-top" technology. Firms were invited to develop information services that would be delivered over the TeleChoice network. US West sought "partnership" and "affiliation" arrangements with content providers, and it also sought to prevent unaffiliated firms from obtaining full access to the network.

Under the Commissions Video Dialtone (VDT) rules US West was supposed to operate the Omaha TeleChoice network as a common carrier, giving unaffiliated information providers an equal opportunity to compete against the US West offerings. US West sought to circumvent the Commission's common carriage rules by offering consumers a proprietary "set-top" device that controlled access to programming. US West

prevented unaffiliated programmers from using the customers' US West set-top device by withholding information about the software interface. Firms that did not negotiate special "affiliate" agreements with US West were not given the information which was needed to create services that would be interoperable with the US West set-top device. Consumers could not navigate the unaffiliated program offerings without purchasing a second set-top device, at an estimated cost of several hundred dollars.

One programmer, Cottonwood, sought to offer two interactive multimedia services over the US West Omaha TeleChoice network that would have offered competition to services offered by US West or its affiliated programmers. One of the services was an advertiser supported multimedia presentation of real estate for sale. Another was a health information service that would have been supported by various health care providers. In both cases the services would have been free to the consumer. While Cottonwood would have been able to lease a tariffed digital channel for programming, the Cottonwood services would not have been available to the consumer without the purchase of a non-US West set-top. This deterred Cottonwood, a small business with a high technology product, from offering service in competition with US West. For more information about the Cottonwood experience with US West, contact Cottonwood at 402-341-1488, or on the Web at <http://www.cottonwood.com>.

While the US West problems occurred under a VDT trial which was subsequently significantly reduced in scope by US West, it illustrates the types of problems that the Commission should anticipate, particularly now that US West is one of the largest investors of cable services in the United States.

3. Cable Modems

We are very interested in the development of cable modems. We hope that cable modem technology will be an important open platform for the next generation of information services. However, we are concerned that several cable companies have indicated that the customer will not be permitted to purchase their own cable modems, or more generally, install their own customer premise equipment (CPE). This will prevent consumers from have the opportunity to select CPE that best suits their needs.

In our discussions with the cable industry we have been told of various plans for the deployment of cable modems. Some schemes would have the cable companies require the consumers to use proprietary software to use the cable internet service.. One company told us that they did not want consumers to have the ability to offer their own home pages from their home servers, and that this would be a special service offered by the cable company. There are also various proposals by the cable operators to create special high speed servers for information service providers, that offer superior performance to that offered by ordinary Internet connections. We have not seen the details of these schemes, but we are concerned that the cable companies may attempt to limit the functionality of cable modems in order to favor services offered by affiliated providers.

We urge the Commission to adopt the strongest possible measures which insure that consumers have the most competitive options for obtaining CPE, including cable modems,

with are fully interoperable with the network services. This is necessary to promote competition among value added services, and to facilitate the development of new innovative products and services.

Sincerely,



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